MEMORANDUM

DATE: January 1, 2010

TO: All Reporting Companies (Full Level)

FROM: Ed O’Donnell

RE: Distribution of Updated Actuarial Edit Definition Pages

Enclosed are updated pages of the Actuarial Edit Definitions of the Fidelity and Surety Statistical Plan (Full Level). Edit Definitions V112, V14, V115, and V237 were revised.

Changes in Edits V112, V114 and V115 were made to accept financial guaranty bonds (Class Codes 580, 581, and 597) of longer duration. Edit V237 allows some fidelity records to be submitted with the number of ratable employees equal to zero.

Please contact Ed O’Donnell at eodonnell@surety.org or 202-778-3632 for information regarding this material.
EDIT: TRANSACTION EXPIRATION DATE (Field: Columns 14-16)

PROCEDURE:

1) Error Constraint(s):
   Valid entries for TRANSACTION EXPIRATION DATE field are:
   for EXPIRATION MONTH field (Column 14), 0, 1, 2, 3, 4, 5, 6, 7, 8, 9, - (Zone Punch 11) or & (Zone Punch 12);
   for EXPIRATION YEAR field (Columns 15-16), 00-39 or 80-99
   a) If the CLASS OF INSURED CODE is 580, 581, or 597, then EXPIRATION YEAR field (Columns 15-16) must be 00-99;
   a)b) If the CLASS OF INSURED CODE is 1XX-4XX, 501-579, 582-596, or 6XX-9XX, then for EXPIRATION YEAR field (Columns 15-16) must be 00-39 or 80-99; otherwise invalid.

   (V112)
EDIT: ACCOUNTING DATE and TRANSACTION EFFECTIVE DATE

PROCEDURE:

1) Do not perform this edit if error code V103 (ACCOUNTING DATE) or V111 (TRANSACTION EFFECTIVE DATE) is present.

2) Error Constraint(s):

   If the CLASS OF INSURED CODE is not 580, 581, or 597, then the ACCOUNTING DATE must be no greater than 78 months before or 96 months after the TRANSACTION EFFECTIVE DATE. (V114)

3) Specifications:

   a) AM = ACCOUNTING MONTH, EM = EFFECTIVE MONTH
      TAY = TRANSMITTAL ACCOUNTING YEAR, EY = EFFECTIVE YEAR

   b) If 1 < AM < 9, set XM = AM
      If AM = 0, set XM = 10,
      If AM = -, set XM = 11,
      If AM = &, set XM = 12.

   c) If 1 < EM < 9, set ZM = EM
      If EM = 0, set ZM = 10,
      If EM = -, set ZM = 11,
      If EM = &, set ZM = 12.

   d) If 80 < AY < 99, set XY = AY
      If 00 < AY < 39, set XY = 100 + AY

   e) If 80 < EY < 99, set ZY = EY
      If 00 < EY < 39, set ZY = 100 + EY

   f) Let E5 = (XM – ZM) + 12(XY – ZY)

      If -80 ≤ E5 ≤ 96, then valid. (V114)
EDIT: TRANSACTION EFFECTIVE DATE and TRANSACTION EXPIRATION DATE

PROCEDURE:

1) Do not perform this edit if error code V111 (TRANSACTION EFFECTIVE DATE) or V112 (TRANSACTION EXPIRATION DATE) is present.

2) Error Constraint(s):
   a) If the CLASS OF INSURED CODE is 1XX-4XX, 500-579, 582-596, or 598-9XX, then the TRANSACTION EXPIRATION DATE must be greater than or equal to the TRANSACTION EFFECTIVE DATE but not greater than 600 months after the TRANSACTION EFFECTIVE DATE.
   b) If the CLASS OF INSURED CODE is 580, 581, or 597, then the TRANSACTION EXPIRATION DATE must be greater than or equal to the TRANSACTION EFFECTIVE DATE.

3) Specifications:
   a) EXM = EXPIRATION MONTH, EM = EFFECTIVE MONTH
      EXY = EXPIRATION YEAR, EY = EFFECTIVE YEAR
   b) If 1 \leq EXM \leq 9, set XM = EXM
      If EXM = 0, set XM = 10,
      If EXM = -, set XM = 11,
      If EXM = &, set XM = 12.
   c) If 1 \leq EM \leq 9, set ZM = EM
      If EM = 0, set ZM = 10,
      If EM = -, set ZM = 11,
      If EM = &, set ZM = 12.
   d) If 80 \leq EXY \leq 99, set XY = EXY
      If 00 \leq EXY \leq 39, set XY = 100 + EXY
   e) If 80 \leq EY \leq 99, set ZY = EY
      If 00 \leq EY \leq 39, set ZY = 100 + EY
   f) Let $E4 = (XM – ZM) + 12(XY – ZY)$
      If $0 \leq E4 \leq 600$, then valid.
EDIT: NUMBER OF RATABLE EMPLOYEES, FORM OF COVERAGE CODE and CLASS OF INSURED CODE

PROCEDURE:

1) Do not perform this edit if error code V132 (CLASS OF INSURED CODE), or V135 (CLASS OF INSURED CODE and FORM OF COVERAGE CODE), or V236 (NUMBER OF RATABLE EMPLOYEES) is present.

2) Error Constraint(s):

   a) If the RATING DATE YEAR is 01-39, and if CLASS OF INSURED CODE is 72X-77X, 815, 851-854, or 871 and FORM OF COVERAGE CODE is 4X-8X, then NUMBER OF RATABLE EMPLOYEES must be 000001-99999; otherwise invalid. (V237)

   b) If the RATING DATE YEAR is 01-39, and if CLASS OF INSURED CODE is 78X-79X and FORM OF COVERAGE CODE is 4X-6X, then NUMBER OF RATABLE EMPLOYEES must be 000001-99999; otherwise invalid. (V237)

   c) If the RATING DATE YEAR is 01-39, and if CLASS OF INSURED CODE is 1XX-6XX, 816-819, 832-835, 869, 872-873, 880-882, 884, or 9XX, and FORM OF COVERAGE CODE is not 30, 40, 60, or 96, then NUMBER OF RATABLE EMPLOYEES must be 000001-99999; otherwise invalid. (V237)